

Central Intelligence Agency



Washington, D.C. 20505



Mr. L. Wayne Army, III  
Associate Director for National  
Security and International Affairs  
Office of Management and Budget  
Washington, D.C. 20503

25 NOV 1987

Dear Mr. Army:

This is in reference to your letter of 15 October 1987 which provided OMB comments on the CIA's preliminary report on a proposed compensation and personnel management system.

I very much appreciate the time and attention you have devoted to reviewing our report and the care you have taken to provide constructive suggestions. We intend to study very carefully the areas where you have concerns as we continue to refine our proposals, and I have asked our representatives to periodically brief you and your staff on the status of our efforts, as we have done in the past.

There is one issue, however, that I want to comment on at this time. In the attachment to your letter there is an indication that you feel legislation is necessary for any changes to our pay and classification structure. While we have no intention of proceeding without proper consultation with both your office and our oversight committees, it is our opinion that legislation is not a requisite for implementing the majority of the features approved in this area. Specifically, we are expressly excepted from the Classification Act of 1949 which set up the current General Schedule and classification system. Indeed, Section 8 of the CIA Act, which provides plenary authority for us to establish a personnel and compensation system, is the only authority we have to pay our people and classify our jobs.

Again, I want to thank you for the detailed response to our report. Your offer to continue working with us is most appreciated and we look forward to discussing this matter further with you and your staff.

Sincerely,

/s/ Bob

Robert M. Gates  
Deputy Director of Central Intelligence

30-4-1

Central Intelligence Agency



Washington, D.C. 20505

**25 NOV 1987**

Mr. L. Wayne Army, III  
Associate Director for National  
Security and International Affairs  
Office of Management and Budget  
Washington, D.C. 20503

Dear Mr. Army:

This is in reference to your letter of 15 October 1987 which provided OMB comments on the CIA's preliminary report on a proposed compensation and personnel management system.

I very much appreciate the time and attention you have devoted to reviewing our report and the care you have taken to provide constructive suggestions. We intend to study very carefully the areas where you have concerns as we continue to refine our proposals, and I have asked our representatives to periodically brief you and your staff on the status of our efforts, as we have done in the past.

There is one issue, however, that I want to comment on at this time. In the attachment to your letter there is an indication that you feel legislation is necessary for any changes to our pay and classification structure. While we have no intention of proceeding without proper consultation with both your office and our oversight committees, it is our opinion that legislation is not a requisite for implementing the majority of the features approved in this area. Specifically, we are expressly excepted from the Classification Act of 1949 which set up the current General Schedule and classification system. Indeed, Section 8 of the CIA Act, which provides plenary authority for us to establish a personnel and compensation system, is the only authority we have to pay our people and classify our jobs.

Again, I want to thank you for the detailed response to our report. Your offer to continue working with us is most appreciated and we look forward to discussing this matter further with you and your staff.

Sincerely,

**/s/ Bob**

Robert M. Gates  
Deputy Director of Central Intelligence